



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE
Paper for the Board Meeting on 19th June 2015
FINANCE REPORT

KEY POINTS

- Cafcass balanced its budget in 2014-15 with an underspend of £0.524m delegated spend (DEL) and £1.079m annually managed expenditure (AME) as agreed with the sponsor and against a budget of £118.3m.
- Scrutiny of the results for the first two months of the new year suggest no areas of concern for now.
- The outturn for 2014-15 and results so far this year provide assurance as to both the strength of the decision making process for allocation of budgets and the skills of the budget holders overall in working with finance colleagues in their scrutiny and forecasting activities.
- A ring fence of £2m has been placed around spending that can be delayed or cut in the current year in order to again support the sponsor's budget strategy for the current year.
- Delivery of further substantial spending reductions in the current or future years is unlikely without the policy and legal changes necessary to implement and sustain them.

1 AIM AND PURPOSE

- 1.1 To confirm to the Board the audited year end position for 2014/15.
- 1.2 To report the financial results for May 2015.

2 RECOMMENDATIONS FOR THE BOARD

- 2.1 To note the audited year end position for 2014/15.
- 2.2 To note the financial results for May 2015.

3 BACKGROUND

- 3.1 In February 2015 the Board received a report on the forecast financial position for 2014/15. The forecast was based on the results for the 9 months ended 31st December 2014 and reflected a consistent position in relation to earlier reporting of a broadly balanced budget but with managed underspends of £0.524m DEL and £0.650m AME, being planned to support the sponsor's budget strategy. Work carried out in April 2015 on the annual accounts and subsequently during the auditing of those accounts has confirmed the final outturn for the year, being an underspend of £0.524m DEL and £1.079m AME.
- 3.2 Budget holders have now completed their management accounts for the two months ended 31 May 2015. These indicate expenditure initially running below budget, with a year to date underspend of £0.230m.
- 3.3 The Corporate Management Team (CMT) have carried out a review of areas where spending in the current year can be delayed or cancelled in response to a request by the sponsor to manage an underspend again in the current financial year. An amount of £2m has been identified and has now been ring fenced.

4 OUTTURN 2014/15

- 4.1 Summaries of the outturn position between operations and National Office functions are set out in Table 1. The operational area finished the year with an underspend as anticipated, slightly higher than forecast given the inherent uncertainty around flexible workforce commitments. This reflected the strong forecasting disciplines within the operational area working with finance colleagues. The corporate budgets also finished broadly in line with budget reflecting the investments in the Future Working Programme and in particular the continuing maintenance of the Electronic Case Management System through underspends and the application of contingency funding during the year.
- 4.2 The outturn also demonstrates compliance with the requirement to manage spending within the split of grant to fund administrative and programme spending.

5 MAY 2015 ACCOUNTS

- 5.1 These accounts are reviewing the financial position at the end of the first two months and are important to review to draw out areas of potential risk. Summaries of income and expenditure for April and May combined by budget holder are included at Table 2.
- 5.2 The overall position from budget holder returns is an underspend of £0.230m. This underspend arises within the operational areas and highlights a need for some budget profile adjustments rather than being representative of longer term underspends at this stage.
- 5.3 In May 2015 the sponsor sought a commitment from Cafcass to review the current years financial position in order to create and maintain an underspend against its grant as part of the sponsors overall financial strategy in the current year. A sum of £2m has been identified arising from the ability to delay spending on ICT core service re-procurement (£1m), the part year only effect of the national roll out of DNA testing services (£0.5m), the release of provisions made in prior years against the loss of volume discounts on the Fujitsu Flex shared service (£0.350m) and the reduction in Fujitsu core service running costs arising from their re-platform of the current service now the other substantial customers have left the shared service (£0.150m).
- 5.3 The budget setting process for 2014-15 retained a corporate contingency of £0.5m. This is the lowest level of contingency held for a number of financial years and will need to be carefully allocated in the event unforeseen costs arise, in particular changes in the demand or intensity of casework.
- 5.4 Delivery of further substantial spending reductions in the current or future years is unlikely without the policy and legal changes necessary to implement and sustain them.

6 KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER

- 6.1 The results for 2014-15 provide assurance the disciplines of budget management, including prudence, close scrutiny and careful forecasting, have delivered a balanced budget outturn for the year. Given the size of the budget and the system of delegation to manage it, this represents the combined efforts of many budget holders working closely with financial colleagues. The outturn provides further assurance of the decision making that allocates budgets to priority frontline services while also maintaining a modest corporate core and a contingency budget for unmanageable pressures and/or priority investments.
- 6.2 The results for the first two months of the new financial year reveal an absence of any particular matters that challenge the planning assumptions behind this budget. The results of the Quarter One financial forecast will be reported to the next meeting of the Board providing a first formal forward look at the broader financial prospects for this year. The targeted work to identify the ring fenced underspend above is not believed to create any risk or compromise to service delivery in the current financial year. Likewise to essential programmes on infrastructure including the retender of the ICT core service having secured approval to extend the current contract until mid 2018, although the £1m released from the current budget will be required to be reinstated in the following financial year when this work is required to take place and so is not an indication of any permanent reduction in grant funds required.

7 BENEFITS FOR CHILDREN

7.1 The delivery of safe, high quality and timely services remains a priority for service delivery. In order to achieve this, a budget plan is needed that is sufficient in size and appropriately allocated across functions and geographic areas to ensure resources are available to support service delivery.

8 FINANCIAL ANALYSIS

8.1 The financial implications of this paper are contained in the main body of this report.

9 RISK ANALYSIS

9.1 Risks to managing within allocated resources are kept under careful and constant review through the monitoring and reporting of regular financial information by budget holders and regular dialogue with the department in relation to sharing information on the implications of government guidance. The retention of a corporate contingency also provides some resilience against financial pressures that cannot be mitigated in other ways.

10 DIVERSITY ANALYSIS

10.1 Ensuring Equality and Diversity are central to all our work remains a key operational priority. In much the same way as ensuring the objectives of benefits for children are met through financial planning and management, so the active management of spending against a properly constructed budget will help ensure an equitable distribution of resources to enable equality of access to services.

Anthony Douglas, Chief Executive
Julie Brown, Director of Resources
9 June 2015